



LAKAH GROUP

Facsimile

To: The Bank of New York
 - Mr. Gamal Moharam
 Dewey Ballantine
 - Mr. Camille Abousleiman

From: Lakah Group
 Ramy R. Lakah
 Chairman & C.E.O.

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Re: Sale of Arab Steel Factory

Date: January 28, 2000

Dear Mr. Moharam,

Please be advised as follows,

The Holding Company for Financial Investment (Lakah Group) is in advance negotiations for the sale of its steel business, either through the sale of shares of Arab Steel Factory (ASF) or through the transfer of the assets and liabilities of ASF, including the assumption of liability under the bonds issued by ASF.

In the opinion of Lakah Group, the sale of the ASF business will be accomplished at a fair market value if the final price & terms are substantially the same of those currently under discussion; in all cases the price payable to Lakah Group will be paid in cash.

Our understanding of the terms of the Eurobonds issued by Lakah Group is that Lakah Group and / or ASF can proceed with the transaction without the requirement to obtain the consent of bond holders so long as Lakah Group certifies that the sale price represents the fair market value of the assets being sold and 75% or more of the consideration is paid in cash.

Our transaction satisfies both conditions.

We kindly request your confirmation that our understanding of the terms of the bond is correct so that we can finalize the transaction. We will be providing you with the required certifications.

We would greatly appreciate your urgent response.

Sincerely Yours,

Ramy R. Lakah
 Chairman & C.E.O.
 Lakah Group

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